

**BEFORE THE  
EDUCATION AUDIT APPEALS PANEL  
STATE OF CALIFORNIA**

In the Matter of:

Pioneer Union Elementary School District,

Appellant.

EAAP No.: 03-02

OAH No.: N-2004120433

**DECISION**

The attached Stipulation and Proposed Decision of the parties is hereby adopted by the Education Audit Appeals Panel as its Decision in the above-entitled matter.

This Decision shall become effective on 28 March 2005

IT IS SO ORDERED 28 March 2005



Thomas E. Dithridge, Chairperson

1 BILL LOCKYER  
Attorney General of the State of California  
2 JOSEPH O. EGAN  
Lead Supervising Deputy Attorney General  
3 BRUCE J. BRAVERMAN  
Deputy Attorney General  
4 State Bar No. 52244  
1300 I Street  
5 P.O. Box 944255  
Sacramento, CA 94244-2550  
6 Telephone: (916) 324-5380  
Fax: (916) 322-8288  
7 Attorneys for Intervenor Department of Finance

BEFORE THE  
EDUCATION AUDIT APPEALS PANEL  
STATE OF CALIFORNIA

13 In the Matter of the Statement of Issues  
Against:

14 PIONEER UNION ELEMENTARY  
15 SCHOOL DISTRICT,

16 Respondent.

EAAP Case No.: 03-02  
OAH Case No.: N 2004 120433

STIPULATION AND PROPOSED  
DECISION

Date: March 7, 2005  
Time: 10:00 a.m.  
Dept: Office of Administrative Hearings  
Location: 560 J Street, Suite 300  
Sacramento, CA 95814

19  
20 All of the parties to this action hereby agree to enter the following stipulation, resulting  
21 in complete resolution of the matter. Accordingly the State Controller's Officer (SCO), the  
22 Department of Finance (DOF) and Pioneer Union Elementary School District (District) hereby agree  
23 as follows:

24 RECITALS

25 A. The independent accountant, Clay Singleton, CPA., of Haws, Theobold & Auman,  
26 conducted an audit of the District for the 2001-2002 school year.

27 B. Finding 2002-4 Incomplete Independent Study Master Agreements (CDDC # 40000) of  
28 the audit report read in pertinent part:

1 "C. State Award Findings and Questioned Costs.

2 State Compliance - Other Reportable Conditions

3 Finding 2002-4 Incomplete Independent Study Master Agreements. (CDDC # 40000)

4 Criteria upon which audit finding is based (Legal Citation)  
5 Education Code Section 51747.

6 Finding (Condition)

7 The District's independent study program Master Agreements are not in compliance with  
8 State requirements for the following reasons:

9 All of the Independent Study Master Agreements examined were incomplete. Incomplete  
10 sections in the Agreement were:

- 11 a. Students reporting frequency, time, place and manner
- 12 b. Duration of agreement, including beginning and ending dates
- 13 c. Independent Study teacher signature

14 The district did complete a new Independent Study Master Agreement for each semester.

15 Amount of Questioned costs. How Computed and Prevalence  
16 8 occurrences in 8 students sampled or 100% of sample.

17 10.45 ADA @ P2 times \$4,679 per student (from Revenue Limit) = \$48,896

18 Effect

19 The District was not aware of the compliance requirements for the Independent Study  
20 Program.

21 Recommendation

22 The District should ensure that they comply with all the state compliance requirements of  
23 the Independent Study program as stated in the Education Code. We recommend that the  
24 District revise its report of attendance to exclude the independent study ADA and return  
25 the questioned funds to the State of California.

26 . . . "

27 C. The District timely submitted its summary appeal of Finding 2002-4 Incomplete  
28 Independent Study Master Agreements (CDDC # 40000 to the Education Audits Appeal Panel  
(EAAP). The summary appeal of the District was timely denied by EAAP.

D. On December 6, 2004, the District timely submitted its Formal Appeal of Finding 2002-4  
Incomplete Independent Study Master Agreements (CDDC # 40000).

E. For the sole purpose of effecting a compromise of this action and to avoid the uncertainty  
of litigation, the SCO, DOF and the District agree that the District will return the questioned funds  
as recommended in the audit report to the State of California as a disallowance of public funding in  
the amount of \$48,896 to be repaid in eight annual installments from future ADA Funding by the

1 State of California to the District as follows:

2	1.	2005-2006	\$6,112.00
3	2.	2006-2007	\$6,112.00
4	3.	2007-2008	\$6,112.00
5	4.	2008-2009	\$6,112.00
6	5.	2009-2010	\$6,112.00
7	6.	2010-2011	\$6,112.00
8	7.	2011-2012	\$6,112.00
9	8.	2012-2013	\$6,112.00

10 F. No interest will be charged to the District by the State of California for the amounts  
11 specified above under the terms of this agreement.

12 G. The District agrees to withdraw with prejudice its appeal of Finding 2002-4 Incomplete  
13 Independent Study Master Agreements (CDDC # 40000) for school year 2001-2002.

14 OFFICE OF THE STATE CONTROLLER

15 Dated: 3/7/05

By: Gary D. Hori

GARY HORI  
Attorney for STEVE WESTLY  
California State Controller

16 DEPARTMENT OF FINANCE

17 Dated: 3-7-05

By: Bruce J. Braverman

BRUCE J. BRAVERMAN  
Deputy Attorney General  
Attorney for Department of Finance

18 PIONEER UNION ELEMENTARY SCHOOL DISTRICT

19 Dated: 3.8.05

By: Diana Lundbom

DIANA LUNDBOM  
Superintendent, Pioneer Union Elementary School District

20 This stipulation is adopted and submitted to the Education Audits Appeal Panel as my  
21 proposed decision in the above entitled matter.

22 Dated: 3/7/05

23 Administrative Law Judge

1 State of California to the District as follows:

2	1.	2005-2006	\$6,112.00
	2.	2006-2007	\$6,112.00
3	3.	2007-2008	\$6,112.00
	4.	2008-2009	\$6,112.00
4	5.	2009-2010	\$6,112.00
	6.	2010-2011	\$6,112.00
5	7.	2011-2012	\$6,112.00
	8.	2012-2013	\$6,112.00

6  
7 F. No interest will be charged to the District by the State of California for the amounts  
8 specified above under the terms of this agreement.

9 G. The District agrees to withdraw with prejudice its appeal of Finding 2002-4 Incomplete  
10 Independent Study Master Agreements (CDDC # 40000) for school year 2001-2002.

11 OFFICE OF THE STATE CONTROLLER

12 Dated: 3/7/05

By: Gary D. Hori

GARY HORI

Attorney for STEVE WESTLY  
California State Controller

13  
14  
15 DEPARTMENT OF FINANCE

16 Dated: 3-7-05

By: Bruce J. Braverman

BRUCE J. BRAVERMAN  
Deputy Attorney General  
Attorney for Department of Finance

17  
18  
19 PIONEER UNION ELEMENTARY SCHOOL DISTRICT

20 Dated: \_\_\_\_\_

By: \_\_\_\_\_

DIANA LUNDBOM

Superintendent, Pioneer Union Elementary School District

21  
22  
23 This stipulation is adopted and submitted to the Education Audits Appeal Panel as my  
24 proposed decision in the above entitled matter.

25 Dated: 3/7/05

[Signature]  
Administrative Law Judge